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Approved For Release 2002/08/22 : CIA-RDP56-00071A000100030017-7

11 August 1952

MEMORANDUM TO: Deputy Director (Administration)  
FROM: Chief, Administrative Staff (Special)  
SUBJECT: Revision of Allowance Regulations  
REFERENCE: 1. Memorandum 25 June 1952 from the Acting Deputy Director (Administration) to Acting Assistant Director (Personnel) and Chief, Administrative Staff (Special) re above subject.  
2. Memoranda referenced in 1. above.

Problem:

1. To revise and consolidate Agency allowance regulations into a uniform cohesive statement of Agency allowance policies and to provide for proper administration thereof. This involves:

(a) Reaffirmation of Agency policy to conform to Standardized Government Civilian Allowance and Differential regulations.

(b) Clarification and redefinition of the various types of supplementary allowances the Agency may authorize so the intent and justification will be sufficiently precise to ensure equitable and proper administration.

(c) Establishment of centralized procedures for the computation, authorization, processing and control of normal and special allowances.

Facts:

1. Authorities for granting allowances are scattered in Agency regulations among many different officials. The Personnel Director, the Special Contracting Officer, Assistant Directors, the Comptroller, and the Chief, Finance Division, are all charged with responsibilities and have authority to authorize and grant standardized and special allowances and differentials under certain circumstances as defined in paragraphs 6.2, 6.3, 6.4, 6.5, 6.7 and 9.3 of the CFR's, and [ ] of the Agency manual.

2. The Agency does not have effective machinery for obtaining or utilizing the data on local economic conditions at overseas posts needed for the proper determination of special allowances, nor has it effective machinery for establishing the standards within which those allowances should be granted.

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Discussion:

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1. Agency Regulation [ ] authorizes Chiefs of Mission and the Chief, Personnel Division to authorize allowances and differentials to eligible U. S. citizen employees. Allowances authorized by Chiefs of Mission are subject to review by the Fiscal Division, Finance Office. Responsibility and authority for establishing and granting allowances is thus divided and decentralized and tends to introduce confusion and inconsistency in allowance administration.

2. It is further provided in this Regulation that the employee shall make application for allowances. Certain types of allowances are entitlements for which the employee should never be required to make application. The existing regulation does not make clear the distinctions between those allowances which are entitlements and those for which application must be made nor the conditions or circumstances which require application.

3. Quarters and post allowances are in fact basic entitlements at posts where conditions warrant their payment and where the individual meets the basic criteria of eligibility established for these allowances. They should be authorized in the personnel action which effects the individual assignment to a given post. They should be set forth in detail in order that the individual will clearly understand the allowances granted, and his accounting responsibilities. There is a need, therefore, for reaffirming and clarifying Agency policy regarding the authorization and granting of normal allowances to Agency personnel serving overseas.

4. A much more serious situation exists regarding the authorization, granting, and administration of Special allowances. Paragraph 6.2 of the Confidential Funds Regulations is a very broad authorization for the granting of "Special Living Allowances". These allowances are inadequately defined; there are no criteria or standards for establishing proper, justifiable amounts; there are no criteria for determining eligibility; there is no procedure for establishing or defining their relationship to other allowances granted an individual, and, consequently, there is no mechanic which can be implemented for their proper administration.

5. Basic to equitable, justifiable determination of allowances is accurate comprehensive data on economic and environmental conditions in the locale under consideration. An evaluation of attendant factors which contribute to the uniqueness of the individual situation as compared with circumstances of normal government employment in the area is also necessary. There is a need for the development and distribution of standards for each special allowance and differential. Standardized Government Civilian Allowance Regulations are inapplicable to persons not under official government cover. It makes no difference whether the individual is a Staff Agent, a member of the Armed Services, or a contract agent. The allowances authorized to any of these persons under unofficial cover must reflect the economic conditions in the area encountered under the specific cover.

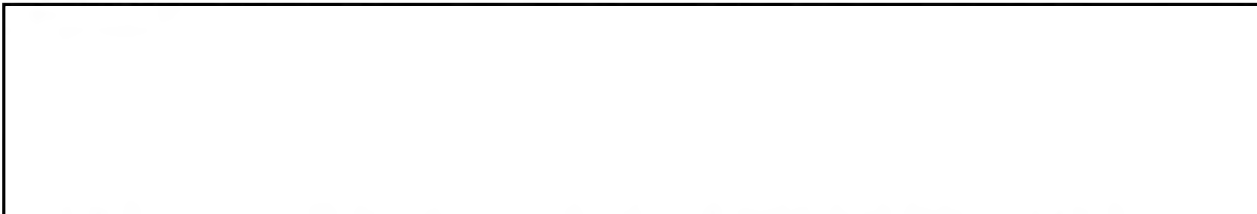
6. In studying the problem of special allowances, this Staff has learned that all information necessary for standardized and equitable cal-

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ulation of special allowances is readily available. The Department of State computes quarterly indices for various posts throughout the world. One index is prepared for personnel having access to government commissary and other privileges. Another index, a Local Price Index, is prepared to represent the amount of cost in comparison with Washington for an American private individual who must live entirely on the local economy. These data are presently available and are being used regularly by this Staff in the computation of special allowances for persons under unofficial cover. It is a relatively simple matter to compute equitable and completely justifiable allowances when the proper information is gathered and exploited at a central point. Allowances computed from this information are designated as "Equalization Allowances" in the attached proposal for amendment to the regulations. Through the use of this information it is possible to compute allowances for persons under unofficial cover which will assure them substantially the same allowance benefits as are provided normal government employees.



8. In order for these allowances to be effective, justifiable, adequately defined and properly administered, there must be a central authority for authorizing them, a central point for the accumulation of data, and a central point for computing the allowances. Furthermore, there should be a central authority for setting them forth in a single document of authorization to establish and maintain their relationship, and facilitate their administration, review and control.

9. The proposed regulations are intended to provide:

- (a) more clearly defined allowances and allowance standards;
- (b) equitable and justifiable determination of amounts and duration of allowances;
- (c) consistent sources for the computation, authorization and granting of allowances;
- (d) the issuance of a single documentary Letter of Authorization and Instructions to the individual concerned setting forth all authorized special allowances and directing the type and method of accountability required.

Recommendations:

1. It is recommended that the attached proposed regulations be published in the Agency Manual and Confidential Funds Regulations as indicated.

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**CENTRAL INTELLIGENCE AGENCY REGULATION**

**NUMBER**

25X1

**8. ALLOWANCES AND DIFFERENTIALS**

**A. General Provisions**

- (1) This regulation establishes the allowances and differentials which are payable to CIA personnel stationed in foreign countries or in United States territories and possessions.
- (2) It is the policy of this Agency that all allowances and differentials shall be administered and paid in conformance with the prescribed standards and rates and at the designated localities established by the following Government regulations:
  - (a) Foreign area post differentials shall be governed by the Standardized Government Post Differential Regulations (Foreign Areas) issued by the Department of State.
  - (b) Foreign area temporary lodging allowance, quarters allowance, post allowance, separation allowance, transfer allowance, and special post allowance, shall be governed by the Standardized Government Civilian Allowance Regulations (Foreign Areas) issued by the Department of State.
  - (c) Territorial post differentials and territorial cost-of-living allowances shall be governed by the Civil Service Commission Regulations published in Part 350, Chapter 2-1 of the Federal Personnel Manual.

The term "standardized allowances and differentials" as used in this or other Agency regulations shall mean the allowances and differentials authorized in (a), (b), and (c) above.

**B. Eligibility**

- (1) Eligibility to receive standardized allowances and differentials shall be in accordance with the criteria established in the applicable Government regulations.
- (2) The Personnel Director shall make administrative determinations concerning eligibility of appointed personnel for standardized allowances and differentials in individual cases of doubt where such determinations are required. In such cases no allowance or differential shall be paid unless and until the Personnel Director determines that the employee is eligible. If determined eligible, payment of the allowance or differential shall be made retroactive to the date when all conditions of eligibility were met.

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CENTRAL INTELLIGENCE AGENCY REGULATION

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25X1

**C. Authority to Grant**

- (1) In accordance with the provisions and eligibility criteria established in this regulation, the Chiefs of the Personnel Divisions, Covert or Overt, as appropriate, are authorized to grant standardized allowances and differentials.

Deputy Director  
(Administration)

Effective:

Rescind: Paragraph A

8 December 1951

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